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ABSTRACT

This competency-based secondary learning guide on making consumer choices is part of a series that are adaptations of guides developed for adult consumer and homemaking education programs. The guides provide students with experiences that help them learn to do the following: make decisions; use creative approaches to solve problems; establish personal goals; communicate effectively; and apply management skills to situations faced as an individual, family member, student, and worker. Each learning guide includes the following sections: a general introduction and guidelines for using the material; a checklist for users for advance planning; introduction to the guide; specified competencies, with student outcomes/evaluations, definitions, key ideas, teacher strategies/methods, suggested student activities, sample assessments, and supplementary resources. Four competencies are addressed: (1) identify reliable sources of consumer information; (2) evaluate information presented on product labels and in the media; (3) compare merchandise in terms of cost, quality, appearance, care required, and needs; and (4) determine the use and misuse of credit. Twenty-two supplements contain information and activity sheets on the following: sources of consumer information, new food labels, guarantees, warranties, clothing care symbols, evaluating advertising, comparison shopping, efficient purchasing, and credit (should you use credit? Guidelines for credit, etc.). A bibliography contains 26 resources. (KC)

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Making Consumer Choices

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PROJECT CONNECT SECONDARY GUIDE FOR CONSUMER & HOMEMAKING EDUCATION

Illinois State Board of Education
Department of Adult, Vocational and Technical Education
Carl D. Perkins Vocational and Applied Technology Education Act of 1990

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General Guidelines

The terms "teacher" and "student" are used throughout to describe the instructor and participants.

STRATEGIES (for teachers) and ACTIVITIES (for students) as stated in the guide are not always parallel to the numbering system.

Teachers need to carry out preassessment activities to determine level of student competency. Previous work or educational experiences may be such that the teacher will choose not to do some of the competencies.

Key to Symbols – The following symbols are used throughout the guides to designate enhancement activities:

- related basic skills, giving particular attention to language arts and mathematics
- related decision-making and problem-solving skills, including the application and transferability of these skills to personal, family, and work responsibilities to be demonstrated
- enrichment activities according to student abilities and experiences
- interrelationship of concepts to personal, family, and work
- influence of technology on the subject matter, application of knowledge, and related work
- pre- and/or posttest assessment activities

Checklist for Users

Before addressing any of the competencies, the teacher should check in advance to see what materials or preparations are needed.

Competency #1 – Identify reliable sources of consumer information.

_____A file of consumer literature from various sources including the Consumer Information Center, governmental agencies, and manufacturers should be gathered and made available to students for discussion and use.

_____Have a local telephone book available to use for an activity locating consumer affairs agencies in the area.

_____Duplicate Supplement 1, "Get the Facts! Sources of Consumer Information," to discuss where consumers can get information.

_____Obtain copies of reliable sources of consumer information such as *Consumer Reports* and *Changing Times* to share with students.

_____Invite representatives from consumer protection agencies or local or state consumer groups to explain how their organizations work, consumer problems, and solutions.

_____Prepare slips of paper listing possible student purchases.

_____Duplicate Supplement 2, "Where Would You Go?"

_____Have articles available about consumer problems or sources of assistance. Use magazines such as *Good Housekeeping* or *Better Homes and Gardens* to share with students.

_____Provide students with the free *Consumer Information Catalog* (1994) (see Supplementary Resources for Competency One) and assist students in ordering publications for personal use.

Competency #2 – Evaluate information presented on products and in the media.

_____Have a variety of labels from food, clothing, and other products ready to use for discussion with students.

_____Duplicate Supplement 3, "The New Food Label at a Glance."

_____Collect clothing labels and bring to discuss clothing care information found on labels.

_____Have examples of food grades or tire standards.

_____Duplicate Supplements 4, "Guarantees," and 5, "Reading a Warranty," to be used to discuss guidelines for good guarantees/warranties.

_____Have actual ads available from magazines and newspapers with examples of positive and negative advertising.

_____Duplicate Supplement 6, "Clothing Care Symbols," for a matching exercise on clothing care symbols.

_____Have a collection of poor advertisements.

_____Duplicate Supplement 7, "Evaluating Advertising."

_____Duplicate Supplement 8, "Ad Analysis."

_____Duplicate Supplement 9, "Advertising Appeals."

Competency #3 – Compare merchandise in consideration of cost, quality, appearance, care required, and needs.

_____Display different size products and prices for students to compare.

_____Make arrangements to take students to a grocery store for shopping comparison.

_____Duplicate Supplements 10, "Compare," and 11, "Five Factors that Determine Quality."

_____Duplicate Supplement 13, "Case Study."

_____Develop a list of products for comparison shopping for Activity 7.

_____Determine if a copy of Supplement 12, "Comparison Shopping," is needed.

_____Duplicate Supplement 14, "Ways To Stretch Your Dollars."

_____Duplicate Supplement 15, "The RESPA System."

Competency #4 – Determine use and misuse of credit.

_____Collect reference materials (e.g., pamphlets, booklets, newspaper articles, or periodicals) on credit and make them available to the students.

_____Duplicate Supplement 16, "Should You Use Credit?," for a list of questions to ask before using credit.

_____Duplicate Supplement 17, "Guidelines," for discussion of guidelines to follow when using credit and danger signs of credit use.

_____Duplicate Supplement 18, "Credit Advantages and Disadvantages," for discussion of advantages and disadvantages of credit.

_____Invite a resource person from a bank, credit service, or a similar type of operation to discuss the use of credit and common credit problems.

_____Have a bulletin board available for Activity 2.

_____Duplicate Supplement 19, "What Now?" for case studies on credit.

_____Duplicate Supplement 20, "Results of Credit."

_____Duplicate Supplement 21, "Application for Credit."

_____Duplicate Supplement 22, "Credit: Handle with Care," for a worksheet on credit or an assessment tool.

Introduction

Statistics show that in 1993, teenagers spent $89 billion, with an average of $61 spent per week by every American teen (National Endowment for Financial Education, 1994). It is important for teenagers to be able to make informed consumer choices.

Never have consumers been faced with so many products and services, so many styles and models, and such a bombardment of advertising messages. Consumers need preparation for making choices and using resources.

Consumers can make wiser choices if they are aware of the factors that affect consumer choices: (1) needs, wants, and priorities; (2) available resources; (3) advertising—appeals and information; (4) peer influences; (5) technology; and (6) environmental effects.

The ability to compare merchandise and make sound purchasing decisions is essential in today's market. Consumers need information about products and services available to them. They also need to know where to go for reliable information. Much consumer information is available to consumers, but not all information is accurate. Many dollars are lost each year by consumers who have fallen victim to unreliable information.

Sound consumer buying decisions require the ability to check or test the information found on products and in the media. Many laws and requirements have been established to help consumers. Consumers need to be aware of what these are and how to use information in a helpful manner.

Advertising helps producers and consumers get together. Advertising does inform, but may not give all the information a buyer needs. Estimates are that the average person faces 1,500 commercial messages everyday. Consumers, young and old, must weigh competing claims and make rational choices. The problem of separating "truths" from "half-truths" is so complex! Unwise buying decisions may increase the cost of the purchase and can bring disappointment, repair bills, and even injury to the buyer.

Credit has become a way of life for many Americans. Credit has helped many people raise their living standards. Used properly, credit can be beneficial. Too much of it (and its cost) can create serious financial problems. Knowing how much credit costs and how much can be afforded in the normal course of events is important for consumers.

COMPETENCY ONE

Identify Reliable Sources of Consumer Information.

Student Outcomes

- Become aware of the importance of being an informed consumer.
- List sources of consumer information.
- Differentiate between *reliable* and *unreliable* sources of consumer information.

Definitions

consumer	– any person who buys, sells, or uses a good or service
warranty	– a guarantee (promise) that the product is in good working order and will give good service for a reasonable amount of time
reliable	– dependable/trustworthy

Key Ideas

An effective consumer is informed and alert to available resources that provide information.

Some sources of information can include the following:

- Advice from others
- Media sources
- Government or community agencies
- Consumer-oriented publications
- Point-of-purchase sources
- Advertising

Collecting and studying information helps consumers make sound decisions. It also can help save time and money.

Not all information given to consumers is reliable. Some advertising may not be truthful or salespeople may speak without factual knowledge.

Labels, hangtags, and packaging often provide reliable information.

The U.S. Government has established several consumer agencies and organizations to help consumers by providing them with reliable information.

Teacher Strategies/Methods

1. Begin a file of information on consumer goods and services. A good reference is *Consumer's Resource Handbook.* (Single copies are available free from Handbook, Consumer Information Center, Pueblo, CO 81009.)

2. Gather consumer literature information from governmental agencies such as consumer affairs agencies, Food and Drug Administration, Internal Revenue Service, United States Postal Service, and Cooperative Extension Service for students to review.

3. Develop a list of consumer affairs agencies in the area. Use the Yellow Pages, the Attorney General's Office, and other sources of information. The teacher may choose to call attention to consumer affairs departments established in many major businesses. The departments handle consumer complaints, produce consumer education newsletters, and distribute educational literature related to the product or service they are selling.

4. Discuss the various types of information collected. Emphasize how the information can help consumers.

5. Brainstorm with students the many sources of information available in their area (people, places, organizations, agencies, media). Follow up by providing each student with a copy of Supplement 1, "Get the Facts! Sources of Consumer Information," and discuss sources given. Add any others that may be appropriate.

6. Using Supplement 1, discuss why some sources of consumer information are considered reliable versus unreliable (e.g., friends and relatives vs. consumer agencies and organizations). Stress looking at such things as currency of information presented, references given, claims made and supported, honesty, and objectivity.

7. Share with students some sources of reliable consumer information such as *Consumer Reports, Consumer's Research Magazine, Changing Times, Consumer Digest, or Money.* Discuss with students the benefits of this information.

   The following are some questions to ask:

   - What are the advantages/disadvantages of using these sources?
   - If one does not have these sources, where can one obtain information on a product to purchase (friends, dealers)?
   - What would be the results if everyone used reliable consumer sources for information before buying products?

8. Invite a representative from the attorney general's office to speak to the students on topics such as common consumer problems, consumer rights, or the reliability of consumer information sources.

9. Invite representatives of consumer groups to discuss their organization's purposes or current projects.

Suggested Student Activities

1. Using the Yellow Pages of the phone book or files set up by the teacher, list specific agencies or offices where consumer information can be found. Include name, address, and telephone number for each resource.

2. List other sources where consumer information could be obtained (e.g., advertisements, media, friends, labels).

3. In buzz groups, list some characteristics of reliable sources of information. (See Supplement 1 also.)

4. Using resources provided by the teacher, read and review various consumer information resources (e.g., brochures from local businesses, magazines from a library, labels from products). Then determine if sources are reliable.

5. Develop a display of product labels or packaging information. Determine which ones illustrate reliable sources of consumer information.

6. List items to purchase or services that require help. Tell what information would be needed and where this information can be obtained. The following examples could be used:

   - fabric for making a party dress for a teenager
   - a couch for a family with small children
   - a used car for a family who has a very small income
   - a house for a family with two small children (boy and girl)

7. Read a consumer magazine to locate information pertaining to an item or appliance. Use the information to make a selection.

8. Using Supplement 2, "Where Would You Go?," develop a list of community resources where information can be obtained. Describe the type of information available.

9. List any TV public service announcements that supply consumer information. Discuss the nature of the information presented (i.e., who sponsored it, who was in it, what did it say?) (The teacher could videotape an announcement and then discuss the information as an alternate plan.)

10. Look at articles or ads related to consumer problems. Help for consumers could come from magazines (such as *Good Housekeeping, Better Homes and Gardens*). Check or test whether information is reliable.

11. Using the free publication available from the Consumer Information Center in Pueblo, Colorado, select several publications of interest and order those publications for personal use. (See Supplementary Resources listed at the end of this competency.)

Sample Assessments

Knowledge

Given various sources of consumer information, the student will evaluate each source using reliability criteria given in class.

Application

1. In small groups, have students discuss a selected consumer problem and decide the best solutions. This solution will be shared with the class.
2. Given a list of sources, determine which would be the most reliable and why.
3. Given a case study, determine the type of information needed in order to make an informed decision.

Supplementary Resources

Handbooks

Consumer information catalog. (1994). A list of free and low-cost federal publications of consumer interest. Available from Consumer Information Center, Pueblo, CO 81009. Purchase price: Free.

Consumer's resource handbook. (1994 or latest edition). A "user-friendly" tool to advise readers about what to do before and after making a purchase, as well as how to handle problems with products or services. In addition, there are valuable tips on a wide variety of specific consumer topics. Available from Consumer Information Center, Pueblo, CO 81009. Purchase price: Free.

Articles/Reports

Abernethy, A., & Butler, D. (1992, Winter). Advertising information: Services v. products. *Journal of Retailing, 68*(4), 398-419

Bailey, A. W. (1992, Summer). Teenagers' employment, earnings and spending. *Journal of Home Economics, 84*(2), 20-24.

Brobeck, S. (1991). *Student consumer knowledge: The results of a nationwide test.* Washington, DC: Consumer Federation of America.

Coit, W. A., McCallin, R. C., & Schiever, E. (1992). *High school financial awareness survey* (Research Report No. 92-24). Denver, CO: College for Financial Planning.

Coleman, P. (1990, May/June). Money management in education. *What's New in Home Economics*, p. 6.

Consumer expenditure survey. (1991, November). *Consumer Expenditures in 1990.* U.S. Department of Labor News Release 91-607.

Francese, P. (1992, March). The dream is aging. *American Demographics, 14*(3), 2.

Guadagno, M. N. (1991). Economic status of two-parent families with employed teens and young adults. *Family Economics Review, 4*(4), 2-10.

Miller, A. (1990, Summer/Fall). Work and what it's worth. *Newsweek Special Issue*, pp. 29-33.

Office of Educational Research and Improvement. (1991). *Youth indicators* (U.S. Department of Education, PIP 91-863). Washington, DC: U.S. Government Printing Office.

O'Neill, B. (1992, Fall). Youth, money, and financial planning. *Journal of Home Economics, 84*(3), 12-16.

Schuchardt, J., Danes, S., Sanson, J., & Westbrook, E. M. (1991). Financial management literacy for American youth. In *Proceedings of the 37th Annual Conference of the American Council on Consumer Interests* (pp. 214-220).

Vandermerwe, S. (1990, May/June). Youth consumers: Growing pains. *Business Horizons*, pp. 30-36.

Multimedia Program

Choices & decisions: Taking charge of your life. (1994). An interactive, multimedia program created by Visa U.S.A. covering all aspects of budgeting, financial planning, and decision making. The program includes a written, 12-chapter curriculum, computer software, and laserdisc. It covers topics including consumer awareness, banking services, saving, investing, budgeting, and credit. Available from Visa Fulfillment Center, P.O. Box 100, St. Cloud, MN 56302. (800) 235-3580. (Call for price information.)

SUPPLEMENT 1

Get the Facts! Sources of Consumer Information

Information about consumer products can be found in many places. The quality of the information may vary from helpful to misleading, depending on the source. Before you buy, make sure your information is adequate and reliable. You are the judge! Consumer information sources include the following:

Advice from Others

- Friends
- Family
- Experts
- Salespeople

Consumer-Oriented Publications

- Newspaper articles
- Magazines
- Consumer-testing magazines (*Consumer Reports* and *Consumer Research*)

Media Sources

- Television programs
- Videotapes
- Radio programs

Point-of-Purchase Sources

- Labels
- Packages
- Displays

Government or Community Agencies

- Consumer Information Catalog
- U.S. Office of Consumer Affairs
- Better Business Bureau

Advertising

- Print ads
- Television ads
- Radio ads

Which of these sources would be most objective in a search for consumer information? Why?

Source: Joanna Kister, Sandra Laurenson, and Heather Boggs, *Resource Management Guide* (Columbus, Ohio: Vocational Instructional Materials Laboratory, Center on Education and Training for Employment, Ohio State University). Copyright 1993. Used with permission.

SUPPLEMENT 2

Where Would You Go?

Which of the information sources would you go to if you wanted to . . .

1. See how much your electric bill might be in the new apartment you are moving to?
2. Comparison shop for a TV or VCR?
3. Report you had purchased spoiled food?
4. Change your mind about a door-to-door purchase?

Information Source	**Information Is Reliable** (Yes/No)	**Information Is Complete** (Yes/No)
Professional in the field		
Friends		
Relatives		
Magazines		
Brochures		

COMPETENCY TWO

Evaluate Information Presented on Products and in the Media.

Student Outcomes

- Understand the importance of reading information on product labels.
- Given a variety of products, students can interpret information provided on labels and in the media.
- Determine essential information needed about products.
- Given examples of advertising (media and labels), students can differentiate between those that give good information and those that do not.

Definitions

advertising	- a source of information for the purpose of influencing a consumer to buy a good or service
voluntary information	- information provided that is not required by law
grade label	- indicates quality of some products
warranty/ guarantee	- promises made by a seller concerning the quality or performance of a product/service; a promise that the product is in good working order and will give good service for a reasonable amount of time

Key Ideas

Being able to interpret labeling and packaging information aids the consumer in determining the best buy.

Labels are probably the most important and helpful buying guide available to consumers. A wise shopper always reads the label.

Knowledge of standards and grades assists the consumer in making choices suitable for intended use.

Knowledge of guarantees and warranties can protect the consumer from problems associated with quality and service repair.

The ability to analyze advertisements leads to improved buying decisions.

Advertisements can

- help to educate a consumer to know what to expect from a product.
- help a consumer spend money wisely for useful and safe products.
- help a consumer improve the way she/he lives by giving the information needed to help make purchases.
- tell a consumer about new products that she/he may buy.
- help a consumer know where to shop.

Advertisements are not helpful to the consumer if they

- give false, misleading, or deceptive information that could lead to unwise choices by the consumer.
- cause confusion and bewilderment.
- encourage impulse buying, like "everyone else is buying it."
- try to make a consumer unhappy with what she/he already has.
- encourage consumers to buy unnecessary things with money consumers do not have through the use of credit.

Teacher Strategies/Methods

1. Discuss with students what can be learned by reading product labels and product information (e.g., use and care information, contents).

2. Stress essential information that should be on product labels (e.g., contents, quality, quantity, price, use of the product, grading, special instructions for use and care of the product).

3. Using clothing care labels, direct students to analyze information found on clothing care labels and identify information provided.

4. Using Supplement 3, "The New Food Label at a Glance," discuss information provided on a food label. Collect common labels and have students study and compare them as to information provided.

5. Identify terms "standards" and "grades" (standards as set by U.S. Government). Have samples of actual labels or information (ads) that have standards and grades identified such as food grades or tire grades. Discuss meaning and importance of grades and standards to consumer.

6. Discuss with students the need for warranties and guarantees. Supplement 4, "Guarantees," can be used to discuss guidelines for good guarantees. Supplement 5, "Reading a Warranty," is in Activity 5.

7. Stress the importance of analyzing advertisements (e.g., improved buying decisions, preventing rip-offs).

8. Discuss with students the various purposes of advertising (e.g., to inform consumer, to introduce a product).

9. Using ads from magazines and newspapers, have students determine which type of advertising appeal is used. (See Supplement 9, "Advertising Appeals.")

10. Discuss with students the "Lemon Law" and other necessary information associated with the purchase of a vehicle (e.g., warranty display, value of vehicle, cost of owning and operating a vehicle, insurance requirements). Emphasize how not to be taken advantage of by sales pitches.

11. Discuss the advantages and disadvantages of renting-to-own. Ask when renting-to-own is a good choice. (An example could be someone who is living in temporary quarters or short-term arrangements.) The following are questions the teacher may wish to emphasize:

    - Do you sign a contract? What happens if something stops working? Who owns the item? Do you have to have insurance? What happens if one defaults on payment?
    - What is the total cost?
    - Does purchase satisfy needs and wants?

12. Discuss shopping channels on TV. Topics to cover could be items sold, prices, advantages, and disadvantages. Stress information presented, appeal strategies, and any guarantees/warranties. Emphasize the use of credit cards as payment.

Suggested Student Activities

1. Using labels provided from cans or boxes of food items, analyze whether information provided is useful in deciding what brand or product to buy.

2. Collect food packaging showing standards/grades. If possible, provide several grades of the same food. Compare the grades and identify the differences.

3. Choose a specific product such as microwave popcorn. Collect or look at labels provided on different brands of this product; then, identify information on the labels that would influence a purchase decision and finally the brand selected.

4. Use samples provided or collect examples of warranties/guarantees. Determine which have the best guarantee based on guidelines given in Supplement 4, "Guarantees."

5. Read and react to questions outlined in Supplement 5, "Reading a Warranty."

6. Using Supplement 6, "Clothing Care Symbols," match the appropriate care symbol with the best description. Discuss the interpretation and meaning of the symbols and how they recommend suitable care. The key to Supplement 6 is as follows:

1. C	4. K	7. M	10. N	13. I
2. D	5. A	8. L	11. E	14. J
3. B	6. H	9. G	12. F	

7. Collect or display labels from several types of clothing. Identify information that would be helpful before purchasing clothing (e.g., how much would it cost for care). Supplement 6, "Clothing Care Symbols," may provide helpful information.

8. Collect advertisements from newspapers or magazines. Identify helpful information provided. Identify negative or unhelpful information provided in the ad. Give suggestions as to any information left out of the ad that would have been helpful.

9. Collect advertisements for a particular group of products (e.g., athletic shoes). Evaluate the advertisements using Supplement 7, "Evaluating Advertising."

10. Collect and analyze three or more advertisements that make specific claims. These should be advertisements that have been seen or heard through the news media (e.g., bread, soft drinks, car tires, clothing, food, insurance). What effects do the individual advertisements have on various age groups (children, teens, middle age adults, elderly)?

11. Collect examples of poor advertising (or provide examples). Rewrite the poor ads to improve them.

12. Select TV or radio advertisements and determine whether the advertisements are truthful and informative. Use Supplement 8, "Ad Analysis."

13. Using Supplement 7, "Evaluating Advertising," rate an ad based on how effective the ad is as a source of consumer information. Also, answer the following: Exactly what does the ad say about the product? What doesn't it say? What else would you like to know?

14. Collect or bring in ads for "rent to own." Discuss advantages and disadvantages of the concept.

15. Discuss shopping channels on TV. Analyze information presented and types of appeals used. Any parts of Supplement 8, "Ad Analysis," can be used.

Sample Assessments

Knowledge

1. Without the aid of references, identify six appeals that advertisers use to affect consumer choices.

2. List three advantages and three disadvantages of using/reading advertisements.

Application

1. Given a sample warranty/guarantee, analyze what information is complete and what may be incomplete. (Use Supplement 4, "Guarantees," as a guide.)

2. Given a label from a product, determine what information provided is helpful for making a consumer choice.

3. Given samples of labels or information that have standards and/or grades identified, determine how important or meaningful this information is in helping make a consumer choice.

Supplementary Resources

Articles

Henthorne, T., LaTour, M., & Nataraajan, R. (1993, June). Fear appeals in print advertising: An analysis of arousal and ad response. *Journal of Advertising, 22*(2), 59-69.

Walker, R. (1992, August). Tempting offers in trying times. *School Administrator, 49*(7), 20-24. Selling of brand names, products, and messages in the classroom.

Videos

Advertising and the economy. (1993). A 15-minute video designed to go with a teaching kit, *Advertising and the Economy.* Good introduction to the subject of advertising. Available from Procter & Gamble Co. Education Services, 1 Procter & Gamble Plaza, Cincinnati, OH 45202-3315. (513) 983-1100. Purchase price: Free.

Consumer buying: Let's go shopping. (1990). A 25-minute video available from Cambridge Home Economics, P.O. Box 2153, Charleston, WV 25328-2153. (800) 468-4227. Purchase price: $89.00.

Software

Grocery games, LS23A. (1987). Apple II format. Cambridge Home Economics, P.O. Box 2153, Charleston, WV 25328-2153. (800) 468-4227. Purchase price: $49.00.

SUPPLEMENT 3

The New Food Label at a Glance

The new food label will carry an up-to-date, easier-to-use nutrition information guide, to be required on almost all packaged foods (compared to about 60% of products up until now). The guide will serve as a key to help in planning a healthy diet.

Serving sizes are now more consistent across product lines, stated in both household and metric measures, and reflect the amounts people actually eat.

The list of nutrients covers those most important to the health of today's consumers, most of whom need to worry about getting too much of certain items (e.g., fat), rather than too few vitamins or minerals, as in the past.

The label of larger packages must now tell the number of calories per gram of fat, carbohydrate, and protein.

Nutrition Facts

Serving Size 1/2 cup (114g)
Servings Per Container 4

Amount Per Serving
Calories 90 Calories from Fat 30

	% Daily Value*
Total Fat 3g	**5%**
Saturated Fat 0g	**0%**
Cholesterol 0mg	**0%**
Sodium 300mg	**13%**
Total Carbohydrate 13g	**4%**
Dietary Fiber 3g	**12%**
Sugars 3g	
Protein 3g	

Vitamin A	80%	• Vitamin C	60%
Calcium	4%	• Iron	4%

* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:

	Calories	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Fiber		25g	30g

Calories per gram:
Fat 9 • Carbohydrate 4 • Protein 4

New title signals that the label contains the newly required information.

Calories from fat are now shown on the label to help consumers meet dietary guidelines that recommend people get no more than 30% of their calories from fat.

% Daily Value shows how a food fits into the overall daily diet.

Daily Values are also something new. Some are maximums, as with fat (65 grams or less); others are minimums, as with carbohydrate (300 grams or more).

The Daily Values for a 2,000- and 2,500-calorie diet must be listed on the label of larger packages. Individuals should adjust the values to fit their own calorie intake.

This label is only a sample. Exact specifications are in the final rules.
For more information, write the Food and Drug Administration, 5600 Fishers Lane, Rockville, MD 20857.

SUPPLEMENT 4

Guarantees

Good Guarantees Tell . . .

- What is guaranteed
- What the company will do
- Limits of guarantee
- What the buyer must do
- Length of time of guarantee

When Looking at Guarantees, Ask . . .

- What is guaranteed?
- For how long is item guaranteed?
- What will the seller do?
- What should the consumer do?
- What exactly is guaranteed?

Our Guarantee to You

We guarantee this appliance to be free from defects in workmanship and materials for one (1) year from date of original purchase. Our guarantee does not cover damage to the appliance caused by misuse, accidents, or alterations to it.

We will repair or replace, without charge for either parts or labor, any defective part or parts on any appliance covered by this guarantee.

If service becomes necessary, take (or send) the appliance to a West Bend service station near you. (A list of all authorized service stations is packed with each West Bend appliance.) Or, you may send it, postage prepaid, with a description of the claimed defect, to Customer Service Department, The West Bend Company, West Bend, Wisconsin 53095.

THE WEST BEND COMPANY
West Bend, Wisconsin 53095

L-1587 Litho in U.S.A.

SUPPLEMENT 5

Reading a Warranty

DIRECTIONS: Below is an example of information from a warranty for a new CD player. Read it carefully and answer the questions below.

What the Manufacturer Promises:

SEEDY CD hereby warrants that if this product is defective because of bad materials or workmanship,

1. for a period 90 days from the date of purchase, SEEDY will repair the CD player with no charge for parts or labor;
2. for a period of 1 year from the date of purchase, SEEDY will repair the CD player with no charge for parts.

What the Customer Must Do:

1. Send the product back to SEEDY in the same package which it came in, or in a package that is just as safe.
2. Use an authorized SEEDY dealer to repair the CD player.
3. Use or operate the CD player according to instructions in the enclosed operator's manual. (Make no alterations.)

Answer the following questions:

1. If you bought the product on your birthday, would you be charged for labor if it broke two months later?
2. Your brother used the CD player for a football. Does the warranty still hold if the CD player breaks?
3. You changed the volume control so your little brother could not hurt his ears by turning the volume up too loud. Is the warranty still good?
4. There is no SEEDY dealer in your town, so you took it to your uncle to repair. Is the warranty still good?
5. Do you have to pay for parts if the CD player broke 18 months after you bought it?

Adapted from *Empowering learners to gain competence in the work of the family* (p. LM-II-C-1). (1991). Fort Collins: Colorado State University.

SUPPLEMENT 6

Clothing Care Symbols

DIRECTIONS: Match the appropriate care symbol with the best description that identifies the care symbol.

1. _____Tumble dry high heat.
2. _____Chlorine bleach may be used.
3. _____Hand wash.
4. _____Warm iron.
5. _____Cool iron.
6. _____Hot iron.
7. _____Do not use chlorine bleach.
8. _____Tumble dry low heat.
9. _____"Drip" dry; hang soaking wet.
10. _____Hang to dry after removing excess water.
11. _____Do not iron.
12. _____Do not wash.
13. _____Do not dry-clean.
14. _____Dry flat after removing excess water.

A.

B.

C.

D,

E.

F.

G.

H.

I.

J.

K.

L.

M.

N.

Adapted from Carney, K. (1991, November-December). Extending the life of clothing. *What's New in Home Economics*, pp. 34-36. Used with permission.

SUPPLEMENT 7

Evaluating Advertising

DIRECTIONS: The goal of advertising is to get you, the consumer, to buy a product by making you think that you will somehow be a better person, have a better life, or have more friends if you buy and use the product. Advertisements can sometimes be misleading sources of information. Using examples of advertisements, complete the items below for each advertisement and decide how effective each ad is as a source of information.

1. The message of this ad is that if you use the product, you will (check all that apply)

_____ have more sex appeal.
_____ be a better athlete.
_____ be more physically fit.
_____ be healthier.
_____ impress your friends.
_____ have more fun.
_____ Other_____

_____ be popular.
_____ improve your looks.
_____ have a better self-image.
_____ feel happier.
_____ enjoy the product.

2. In getting the above message(s) across, the ad was (select one)

_____ very effective.
_____ somewhat effective.
_____ not really effective.

Why or why not?

3. The ad stresses characteristics of the product that are

_____ major.
_____ minor.

4. The ad includes these negative features:

_____ Makes false claims
_____ Arouses unpleasant feelings
_____ Overplays a fear
_____ Presents exaggerated or misleading claims

5. The ad has these positive features:

_____ Points out the special qualities of a product
_____ Emphasizes changes made in a product
_____ Points out a unique packaging advantage or design
_____ Strives to create a friendly feeling toward the industry
_____ Provides information on which you can base a decision

6. The ad describes the product as to

_____ content.
_____ other uses.
_____ Other_____
_____ cost.
_____ varieties available.

7. The ad gives

_____ factual information.
_____ nonfactual information.
_____ misleading information.
_____ no information at all.

Source: Joanna Kister, Sandra Laurenson, and Heather Boggs, *Resource Management Guide* (Columbus, Ohio: Vocational Instructional Materials Laboratory, Center on Education and Training for Employment, Ohio State University). Copyright 1993. Used with permission.

SUPPLEMENT 8

Ad Analysis

Product	Gave Accurate Information	Gave Adequate Information	Realistic/ True to Life	In Good Taste	Overall, Good or Poor

SUPPLEMENT 9

Advertising Appeals

Repetition	– Creates familiarity and product recognition in the consumer's mind.
Conformity	– Promotes being part of or keeping with others in a group.
Imitation	– Uses testimonials by well-known persons.
Association	– Links a product or service with something already known and liked.
Emotion	– Promotes feelings of pride, love, guilt, or shame (if a product or service is not purchased).
Scare technique	– Solves embarrassing or disastrous situations by encouraging a purchase.
Status	– Appeals to a need to stand out or be different.
Intellect	– Appeals to the reason or intelligence (often through use of statistics, medical findings, and so on).
Economics	– Compares price to value.
Comfort and enjoyment	– Promises physical enjoyment and well being.

Adapted from Illinois State Board of Education. (1992, September). *The Illinois plan for home economics education: A curriculum guide (Dimensions for Living course)* (p. D-13-D-15). Springfield: Department of Adult, Vocational, and Technical Education, Vocational Program Improvement Section.

COMPETENCY THREE

Compare Merchandise in Consideration of Cost, Quality, Appearance, Care Required, and Needs.

Student Outcomes

- Recognize the importance of comparison shopping.
- Identify standards (or guidelines) used for comparing goods and services.

Key Ideas

A smart consumer gathers available information before buying.

The more one knows about a product to be bought the more likely she/he will be to make a wise purchase.

Definitions

goods	– products that can be seen or touched
service	– providing repair, maintenance, supplies
quality	– the degree of excellence; features that make something what it is
workmanship	– the quality of one's labor
unit pricing	– the price of an item by ounce or by count
comparison shopping	– comparing features and prices of different brands of the same item before you buy

Price is not a dependable guide to quality. A higher price does not always mean better quality. Paying a low price at a discount store may not be a bargain either. Need, performance, and durability are factors to consider.

Comparative shopping is an aid in guiding the consumer to make wise buying decisions. The quality of consumer goods can be visually inspected. A consumer should be satisfied with the appearance of a product before considering it for purchase.

Comparison shopping includes consideration of the following:

- Price
- Performance
- Contents
- Quality
- Durability
- Convenience
- Features
- Appearance
- Maintenance
- Safety
- Guarantee/Warranty
- Hidden costs

Awareness of standards, grades, warranties, and guarantees assists in making selections of goods and services.

Teacher Strategies/Methods

1. Assess what influences the decisions of students to buy. What, if any, guidelines do they use? How do they decide? Ask for examples and discuss. ☑

2. Using Supplement 10, "Compare," discuss the ten standards for comparing goods and the six standards for comparing services. Have students give examples of each to ensure understanding.

3. Discuss or review factors that determine the quality of products. Students can give examples. (See Supplement 11, "Five Factors that Determine Quality.")

4. Assess specific categories of purchases that students would like to have help with such as buying food, clothing, furnishings, and/or appliances. Discuss ways to check for quality, determine need, and compare costs.

5. Emphasize with students the values of comparison shopping (e.g., comparing prices, quality). Give examples of comparison shopping such as comparing food items by unit pricing. Consider having a display of different size products and prices available for students to compare or students may bring in products for comparison.

6. Take a trip to a grocery store or furniture store (whatever is appropriate and needed by students) for actual comparisons. Determine ahead of time the items to find and compare.

7. Using Supplement 15, "The RESPA System," discuss the importance of each of the five steps in getting the most for your money and avoiding future problems.

8. Prepare an exhibit showing the different prices stores charge for the same product. Choose products that many students buy and stores sell for different prices. Possible products include running shoes, videotapes, film, clothes, typewriters, and soft drinks.

Suggested Student Activities

1. Give examples of products which may be compared before buying. Discuss what factors are influential in comparison shopping. Are there disadvantages?

2. List factors or considerations that may be used in comparison shopping (e.g., price comparison by figuring unit price or comparing prices of different retailers).

3. Using Supplement 10, "Compare," list standards (guidelines) they may have used for comparing goods and services.

4. Using a familiar product such as a hairdryer, judge the quality of the product by identifying the five factors of quality. (See Supplement 11, "Five Factors that Determine Quality.")

5. Brainstorm ways to stretch dollars; then, give examples to match the ways. (See Supplement 14, "Ways To Stretch Your Dollars.") Specific categories for stretching dollars such as food, clothing, and furniture may be used.

6. Using Supplement 13, "Case Study," identify factors the Jackson couple should consider when buying appliances.

7. Provide a list of products to purchase. Visit a store and get two prices for each product. Note the lowest priced and most expensive brands.

8. Using Supplement 12, "Comparison Shopping," visit a grocery store or use grocery advertisements to compare different sizes of similar goods. Calculate price per unit.

Sample Assessments

Knowledge

1. Define comparison shopping.

2. Given a sample product, list five factors that determine quality and give an example for each.

Application

1. Choose an item or service over $50.00. Use Supplement 15, "The RESPA System," and follow the approach given to show how you would prepare to make the purchase. Present your findings in a written report and in an oral presentation.

2. In small groups, choose a consumer product and decide which brand of the product would be the best to buy. Justify your decision. Present your decision and justification to the class.

Supplementary Resources

Curriculum Kit

The aisles have it. (1992). Award-winning consumer education curriculum kit includes a 14-minute video, teacher guide, and lesson plans about factors that influence purchases, unit pricing, and food labels. Available from National Dairy Council, 999 Oakwood Drive, Suite 510, Westmont, IL 60559. (800) 325-9121. Purchase price: $45.00.

Pamphlet

Are you ready for the new food labels? (1994). A pamphlet that gives the facts behind the numbers and terms on the new food label. Available from National Dairy Council, 999 Oakwood Drive, Suite 510, Westmont, IL 60559. (800) 325-9121 Purchase price: 25¢ each.

Video

Nutrition labels: Our guide to healthy eating. (1994). An 18-minute video based on revised food labeling; explains how to read the new labels, defines terms, and shows how to use the "food guide pyramid." Available from United Learning, 6633 W. Howard Street, Niles, IL 60714-3389. (800) 424-0362. Purchase price: $95.00.

SUPPLEMENT 10

Compare

Ten Standards for Comparing Goods

1. Produce price
2. Intended use
3. Accessories needed to use the product
4. Product performance
5. Product life
6. Care
7. Safety
8. Consumer protection (warranty)
9. Seller services
10. Maker reputation

Six Standards for Comparing Services

1. Service price
2. What you want performed
3. How well the service is performed
4. How long the service will last
5. Consumer protection
6. Reputation of service provider

Adapted and reprinted with permission from Brenneke, J. S., & Hamill, M. L. (1985). *Decisions: Making personal economic choices* (pp. 176-178). St. Paul, MN: EMC Publishing.

SUPPLEMENT 11

Five Factors that Determine Quality

Performance

How Well Does the Produce Work?

Durability

Is the Product Well-Made?

Convenience

Is the Product Easy To Use?

Safety

Potential Hazards in Using?

Care

How Much Care Product Requires?

Adapted and reprinted with permission from Brenneke, J. S., & Hamill, M. L. (1985). *Decisions: Making personal economic choices* (pp. 176-178). St. Paul, MN: EMC Publishing.

SUPPLEMENT 12

Comparison Shopping

PRODUCT	SIZE A (Generic)			SIZE B (Name Brand)			SIZE C (Store Brand)		
	cost	no. of ozs.	¢ per oz.	cost	no. of ozs.	¢ per oz.	cost	no. of ozs.	¢ per oz.
peanut butter									
laundry detergent									
cereal									
soda pop									
frozen pizza									

SUPPLEMENT 13

Case Study

The Jacksons' washing machine had finally stopped running. After the service person told them repairs would cost at least $76, the Jacksons decided to buy a new washer. That evening, they decided to go to the new discount center, MORE-FOR-LESS, to shop.

The Jacksons went directly to the appliance department where they were greeted by a friendly salesperson. He quickly informed them that they came at just the right time to get "the buy of a lifetime." It just happened, the salesperson told them, that MORE-FOR-LESS was featuring a nationally known washing machine brand at a really low price because the owner had managed to buy a carload of washers directly from the factory. The salesperson told the Jacksons that if they bought this washer anywhere else, they would have to pay $595.00. However, today they could buy it at MORE-FOR-LESS for only $495.00. Needless to say, the Jacksons couldn't pass up a good deal like this. They signed the installment contract on the spot, and left the store congratulating themselves for having been so quick to spot a bargain.

Do you think the Jacksons made a good buy? Why or why not?

What should the Jacksons have considered BEFORE signing an installment contract?

- Cost of other washers
- How much they could afford to spend
- Styles of washing machines available
- Features to look for
- Cost of credit on the installment plan

In addition, the Jacksons failed to

- find out whether the model they bought was new or a discontinued one.
- ask about the terms of the guarantee or warranty.
- ask if there were any requirements (e.g., cost, special equipment) for installation.
- get information about service. The Jacksons didn't know if they would have to pay for service for the first year or whether qualified servicepeople were available in their area.

SUPPLEMENT 14

Ways To Stretch Your Dollars

Know your needs. Buy what suits you, what you need, and what you can afford.

Know what items cost. Keep track of prices; compare items in different price ranges; develop a sense of values.

Learn to recognize quality. Notice how things are made; know when something is worth extra money.

Plan your purchases. Think ahead, save, don't buy on impulse.

Buy only what you need. Don't buy more than you need; pass up bargains you won't use.

Shop around. Try different stores; look into budget departments, discount stores, mail-order firms; discover what the entire marketplace has to offer.

Try other neighborhoods. If you live in a low-income area, you may find that stores elsewhere offer better credit plans, clothing of better quality, food that's fresher, and the same appliances with lower price tags than those in your local stores. If you live in a high-price area, you might try less-fancy stores in other neighborhoods.

Try many brands. Compare all brands for price and quality. Remember the ones that serve you well.

Read ads carefully. Check and compare prices; watch for sales.

Get the facts. Read labels, tags, warranties, and guarantees. Always consider energy-efficiency. Ask questions when you don't understand. Study buying guides and magazine articles for additional information on items you wish to purchase.

Pay with cash whenever possible. Pay promptly to avoid finance charges. If you must buy on credit, be sure you know the finance charge and annual percentage rate.

Learn to do-it-yourself. Try it for haircuts, sewing, dry-cleaning, car repairs, make your own bread, or grow your own vegetables.

Don't let anyone take advantage of you. Beware of rackets and frauds in advertising, in selling practices, and in contracts.

Read before you sign. Never put your name on a sales agreement or a contract without reading every word. Know what you're agreeing to do and what the seller is promising you. If you have questions, ask a lawyer.

Adapted from Changing Times Education Service. (1982). *Money management* (p. 18). St. Paul, MN: EMC Publishing.

SUPPLEMENT 15

The RESPA System: How to Get the Most for Your Money and Avoid Future Problems

R (Research) – Find out all you can about a product before shopping.
- Check with your local library for magazines and other sources of consumer information.
- Talk to friends and experts who might have useful information.
- Use information from sources that are unbiased—that are not out to sell you the product.

E (Evaluate) – Define exactly what you want to buy, how it will be used, what features you need and want, and how much you are willing to spend.
- Analyze what you need and what features are important to you.
- Ask how you will use the product and how long you expect to keep it.
- Read ads and sales literature on the product—remember that such literature is biased to make you want to own the product.

S (Shop) – Go to various stores and decide where to buy.
- Determine where you can buy the product—local stores, mail order, secondhand, specialty stores, discount, or department stores.
- Compare stores and other places where you can buy the product.
- As you shop, ask questions based on what you learned from the research. Don't let the salesperson do all the talking. Be skeptical.
- If the product comes with an owner's manual, ask to see one before buying.
- Compare brands. Remember that higher price does not guarantee higher quality.
- Look for the best price on the model you want—use a telephone if possible. Consider ordering by mail from a respected company.
- Try to use the product in the store if possible. Inspect it carefully for quality construction.

P (Purchase) – Consider how to buy the product.
- Can you bargain with the seller for a lower price?
- Determine if you wish to pay with cash, check, or credit card.
- Read the terms of contracts carefully.
- Understand completely the guarantee or warranty that comes with the product before you pay.
- Check return and exchange policies of the store before you buy.

A (Assert Your Rights after Purchase)
- Read the instruction book. Follow the use and care instructions for the product.
- Keep a record of your purchase, including the serial number and date of purchase.
- Use the registration card if supplied by the manufacturer.
- If you have complaints or problems, contact the place of purchase or the manufacturer immediately. Many companies have toll-free numbers to handle customer problems. Toll-free numbers can be obtained by calling (800) 555-1212.
- Keep a record of your efforts to have your problems remedied. This record should include the name of people you speak to, the time, date, and other relevant information.
- Clearly state your problem and the solution you want.
- Include all the relevant details, along with the proof of purchase.
- Briefly describe what you have done to resolve the problem.
- Allow each person you contact a reasonable period of time to resolve your problem before you contact another source of assistance.

Source: *Shopping game: The art of skillful buying.* (1979). Lake Zurich, IL: The Learning Seed Co.

COMPETENCY FOUR

Determine Use and Misuse of Credit.

Student Outcomes

- Identify appropriate times and conditions for using credit.
- List advantages and disadvantages of using credit.
- Recognize danger signs of credit use.

Key Ideas

Credit can be helpful or harmful depending on how one uses it.

Credit uses future income to pay for present needs and wants.

Credit is recommended for durable goods.

The amount of debt one can handle depends on the family situation, assets, income, expenses, employment status, age, and health.

If a family is having difficulty paying for everyday needs, using credit is not wise.

Definitions

credit	– buying now and paying later; the ability to get goods, services, and money now on the promise to pay in the future
buy on time	– to buy on credit; to buy now and pay over a period of time
loan	– money borrowed with a promise to repay
interest	– money paid to borrow money; a fee paid for the use of money
finance charge	– the total dollar amount you pay to use credit; the finance charge includes interest; it may also include other charges (e.g., credit report fee)
durable goods	– things that last long after the last payment is made (classified as a major purchase)
credit capacity	– the amount one can afford each month in payments

Knowing one's credit capacity helps one make wise credit decisions.

A person should obtain and consider all available information about costs and terms—from various sources—before borrowing money. The cost of borrowing depends on the method used to calculate costs, the amount borrowed, and the length of time to repay.

Meeting credit debts is important to a person's honesty as well as credit rating. Failure to meet credit debts can interfere with one's happiness and success in life.

Suggestions for the wise use of credit include the following:

- Shop for the best rate.
- Ask questions.
- Know the total cost of the loan.
- Read and understand the contract.
- Check the contract before you sign.
- Don't overbuy.
- Pay promptly and regularly.

A good credit rating must be earned and maintained if the use of credit is to continue and contribute to successful money management.

Teacher Strategies/Methods

1. Collect current reference material (e.g., pamphlets, booklets, newspaper articles, periodicals) on credit and make them available to students.

2. Clarify what credit is.

3. Emphasize the difference between a need (necessity) and a want (luxury) and how this can affect credit use. Questions to discuss could be

   - when is a car a luxury rather than a need?
   - is a TV set always a luxury?

4. Discuss with students some reasons why people use credit (borrowing). Reasons might be convenience, increased purchasing power, and emergency needs.

5. Using Supplement 16, "Should You Use Credit?," emphasize the questions students should ask before seeking credit. Discuss issues such as regularity of income, chance of income change, or change in expenses. This could be a place to discuss how to fill out a credit application, the types of questions asked, and schemes used to get consumers to reveal personal information (such as free gifts, discounts).

6. Discuss general guidelines to follow when using credit. (See Supplement 17, "Guidelines.")

7. Discuss danger signs of using credit and why these are considered danger signs. (See Supplement 17, "Guidelines.")

8. Review and discuss with students both the advantages and disadvantages of using credit. (See Supplement 18, "Credit Advantages and Disadvantages.")

9. Discuss some reason for misuse of credit (e.g., confusion about needs and wants, desire for status). Also, discuss with students possible consequences of credit misuse (e.g., repossession, loss of money, bad credit rating).

10. Discuss with students what a credit rating is and its importance.

11. Invite a resource person (e.g., local banker, credit counseling service employee, or loan officer) to discuss the use of credit or common credit problems.

Suggested Student Activities

1. List possible reasons for using credit. Also list reasons for not using credit.
2. Make a bulletin board titled, "Weigh the Advantages and Disadvantages of Credit." (This could also be done as a chart on a chalkboard or easel.) Draw a large balance with two baskets hanging from it. Label one basket "Advantages" and the other "Disadvantages" to differentiate between them.
3. Using Supplement 17, "Credit Advantages and Disadvantages," provide examples of the credit advantages and disadvantages listed.
4. List the pros and cons of cash and credit use.
5. Identify items that may be bought on credit that could not have been purchased otherwise such as a house, car, or appliances.
6. Identify some potential danger signs of credit use.
7. Relate personal experiences or find articles in newspapers or magazines on uses and abuses of credit.
8. Identify some potential results of misusing credit.
9. Using Supplement 19, "What Now?," read given situations and answer the questions that follow.
10. Using Supplement 20, "Results of Credit," identify what happened as a result of misusing credit. Discuss whether problems could have been anticipated before they happened. Was credit used wisely? What changes could be made?
11. Identify ways to protect one's credit rating.
12. Review Supplement 21, "Application for Credit," to recognize needed information.

Sample Assessments

Knowledge

1. Complete Supplement 22, "Credit: Handle with Care."

2. List four danger signs of credit use.

3. What is a credit rating? How does one protect it?

Application

Give each student a loan application to complete as a hypothetical borrower (Supplement 21, "Application for Credit"). Divide students into small groups of two to four students. Have students role play being loan officers of a bank, and review each student's loan application. What guidelines would they use to determine the credit rating of the borrower? Would they grant the loan or reject it? Why or why not? How much money would they loan if the loan were granted?

Supplementary Resources

Booklets/Pamphlets

The following items are available from the American Express Company, Office of Public Responsibility, World Financial Center, 200 Vesey Street, New York, NY 10285. (800) 528-4800.

1. *Financial Responsibility.* Quarterly newsletter dealing with consumer and credit issues.
2. *A Plain English Dictionary of Credit Terms.* Includes easy-to-understand definitions for 25 common credit terms along with 15 tips for using credit wisely. Comes in two formats. The larger version is designed as a desk reference for educators and counselors; the smaller, more concise version, is designed for distribution to students and people in the community. Multiple copies are available. Purchase price: Free.

The following items are available from the Federal Reserve Bank of Chicago, Public Information Center, Box 834, Chicago, IL 60690. (312) 322-5111.

1. *Credit Guide*
2. *Fair Credit Billing Act*
3. *Fair Credit Reporting Act*

The following items are available from the Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, NY 10045. (212) 720-5000.

1. *(The) Arithmetic of Interest Rates*
2. *Your Credit Rating*

The following items are available from the Federal Reserve Bank of Philadelphia, Public Information/Publications, P.O. Box 66, Philadelphia, PA 19105-0066. (215) 574-6000.

1. *How the Equal Credit Opportunity Act Affects You*
2. *How to Establish and Use Credit*
3. *Your Credit Rating*
4. *Plastic Fraud*
5. *The Fair Debt Collection Practices Act*
6. *Electronic Banking for Today's Consumer*
7. *The Rule of 78ths*
8. *Buying Treasury Securities*

Give Yourself Credit! Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, CA 94105. (415) 974-3252.

The following items are available from the Federal Trade Commission Headquarters, 6th & Pennsylvania Avenue, NW, Washington, DC 20580. (202) 326-2222. Many of these publications are available in quantity without cost for educational purposes. Write directly to the above address. Use school stationery.

1. *Building a Better Credit Record*
2. *Fair Credit Billing*
3. *Fair Credit Reporting*
4. *Facts for Consumers*
   - Choosing and Using a Credit Card
   - Cosigning a Loan
   - Credit Billing Errors
   - Credit and Charge Card Fraud
   - Credit Practices Rule
   - Credit and Older Americans

- Electronic Banking
- Equal Credit Opportunity
- Fair Debt Collection
- Fix Your Own Credit Problems and Save Money
- Lost or Stolen: Credit and ATM Cards
- Scoring for Credit
- Solving Credit Problems
- Using Plastic: A Young Adult's Guide to Credit Cards
- Utility Credit
- Women and Credit Histories

5. *Facts for Consumers and Business*
   - *Best Sellers* – A listing of available publications related to
     - Health, Cars, Credit, Homes/Real Estate, Buying & Working at Home
     - 900 Numbers: New Rules Help Consumers
     - Credit and Divorce
     - Video Games
6. *Taking the Scare Out of Auto Repair* – Tips on car repair and resolving auto repair problems. Section on *Heading off Problems* and a *Trouble Shooting Guide*. 14 pp. Purchase price: Free.

Managing your credit. (1989). Money Management Institute, Household Financial Services, 2700 Sanders Road, Prospect Heights, IL 60070.

Videos

Credit wise: Coming to terms. (1994). (Running time: 15:36 minutes). This video is available from the Office of Public Responsibility, American Express Company, 200 Vesey Street-48th Floor, New York, NY 10285-4850. (800) 528-4800. It can be used alone or with the Financial Responsibility Education Action Kit also available from American Express. A brief leader's guide comes with the video. Key credit terms covered: annual fee, annual percentage rate, average daily balance, cash advance fee, grace period, interest rate, late payment, minimum payment, over-the-limit fee, and variable interest rate. Purchase price: Free.

Master your future. (1994). This 15-minute video is an educational financial responsibility program from MasterCard International. Also available with 12-page Teacher's Guide by calling (800) MC-4-YOUTH [(800) 624-9688]. Targets juniors and seniors. Purchase price: Free.

Perils of plastic: Handling credit. (1993). A 35-minute video available from Cambridge Home Economics, P.O. Box 2153, Charleston, WV 25328-2153. (800) 468-4227. Purchase price: $79.95.

SUPPLEMENT 16

Should You Use Credit?

Ask yourself these questions before you decide to buy on credit or borrow money.

1. Do I need it?
2. Do I need it now?
3. Is having it now worth the extra money I must pay to use credit?
4. Can I make the payment?
5. Will I pay too much interest?
6. What good will it do me?
7. What will I go without to pay for it?
8. Is it worth the risk of losing the money I have put into it if I can't finish paying for it?
9. Am I buying (or borrowing) from an honest person?
10. Should I risk owing so much money that I won't be able to get more if I get sick or have an accident?

SUPPLEMENT 17

Guidelines

GUIDELINES/RULES TO FOLLOW

1. Use credit only when you need it.
2. Use the smallest amount of credit you can.
3. Shop to find the cheapest credit.
4. Pay off your debts quickly.

DANGER SIGNS OF CREDIT USE

1. You don't know where your money goes.
2. You don't know how much you owe.
3. You use credit more and more.
4. Each month you can pay only the minimum on your charge accounts.
5. You need a new loan to pay off an old one.
6. Your creditors are asking you to pay bills.

Source: Ohio Vocational Home Economics. (© 1979). *Family life education curriculum guide*. Columbus, Ohio: Vocational Instructional Materials Laboratory, Ohio State University. Used with permission.

SUPPLEMENT 18

Credit Advantages and Disadvantages

ADVANTAGES	EXAMPLES
Provides a way to meet emergency needs.	
Allows items to be purchased that could not otherwise be purchased.	
Helps provide temporary source of income for purchases.	
Offers convenience.	

DISADVANTAGES	EXAMPLES
Can make us overspend.	
Credit costs and therefore is an additional expense.	
Credit can cause impulse buying.	

SUPPLEMENT 19

What Now?

A. Rochelle and Darnell have been married two years. When they first married and set up housekeeping, both were working. Now Rochelle is home, caring for their nine-month-old daughter.

Rochelle and Darnell had nothing when they set up housekeeping, so they made some installment credit purchases, got a car loan, and a home mortgage. They are now paying off installment loans on a washer and dryer, bedroom and living room furniture, a refrigerator, and a range. They still owe on their car and home.

Without Rochelle's earnings and with the baby's many expenses, each month they face the problem of which monthly bills to pay. They just can't pay them all. They don't know what to do or which way to turn for help.

What are their alternatives? What are the results from each alternative? What factors must be considered? What values influence each alternative?

B. Carol has just received her first job after not working for ten years. She has big ideas on how she'll spend her first month's paycheck. Now her name is getting on mailing lists, so the credit cards are coming through the mail "free of charge."

What should Carol do when, and if, the following happens?

1. The paycheck is spent and she has no income for another week.
2. She can't make a monthly payment on a charge account.
3. She has not had luck getting service on her new car.

Where should Carol go to find out about credit? Who will truthfully tell her that the use of credit can be abused? How is she going to control herself when credit should be used? Why is it necessary for Carol to get credit and use it efficiently? What is the purpose of credit bureaus and how do they work?

C. Mark is a 28-year-old single male who has been a sales representative for five years. Two months ago, he lost his job. He has charged up to his limit on VISA, Master Card, and two department store cards. He has a car payment to make to his father. He also has the cost of sharing an apartment with a roommate, who has a good job. He is two courses short of having an associate degree in business administration.

What should Mark do? Should he

1. Get a loan consolidation?
2. File bankruptcy?
3. Go to his parents for help?
4. Ignore the problem and collect unemployment?
5. Use this time to complete his degree?

How can he rank his debts? Which of his debts can be considered fixed and which flexible? How can he recover his self-esteem to get enough motivation to seek a new job? Where would he get the money to complete school?

Adapted from Ohio Department of Education. (1989). *Adolescent parent resource guide* (p. 1210). Columbus: Division of Vocational Education.

SUPPLEMENT 20

Results of Credit

The Arnolds' Installment Buying

The Arnolds thought the installment plan was tops. It allowed them to buy the latest thing in kitchen ranges when they were first married. Several months later Helen became pregnant and had to give up her job. Still, with the range only half paid for, they easily financed a new refrigerator and everything they wanted for the new baby. Then they found that they needed clothing and household items. Charge accounts were their answer. They decided they must have a new TV and at only $9.95 a month, what could they lose? After the baby came, the Arnolds felt cramped for space and decided to buy a house with a $30,000 mortgage. Emergencies and doctor bills forced the couple to borrow from a finance company to tide them over. Plagued with overdue bills, the Arnolds finally looked at their financial situation. They were over $2,000 in debt, not counting the mortgage. With a second child on the way, Helen couldn't take a job, so they decided to sell the house. However, it wouldn't sell! Finally the Arnolds lost the house to the bank when they couldn't make their mortgage payments and, at last, the Arnolds had to file for personal bankruptcy.

Installment Buying and Afterward

Mrs. Horace Cooper is a widow on welfare. Still, she had little trouble getting credit from a finance company when she decided to buy a TV set. She planned to cut down on her food buying to make the payments. Then a door-to-door salesman convinced Mrs. Cooper that she owed it to herself to buy a new set of pots and pans at a cost of $5 a week. What Mrs. Cooper didn't know was that the pans cost $49.50 and that the interest was 30%. She would be a long time paying for those pans. For a while, everything went smoothly. Then Mrs. Cooper became ill. She could see a doctor at the free clinic, but the medicine she needed was not available through the clinic and it was expensive. Mrs. Cooper's TV set was repossessed after she had made 3/4 of the payments. The pots and pans were also taken back. Mrs. Cooper was at least relieved to think she would not have to struggle to keep making payments. *Then* she learned that although her purchases had been repossessed, she still had to pay for them.

The Johnsons Get the Things They Need

Jerry and Joan Johnson are very careful when they use credit. They use it only for big purchases that are really needed. They shop around for credit and get money for their purchases where it costs them the least. So far the Johnsons have used their credit to buy a used car, a refrigerator, and a stove. Each was paid for before they bought the next. Today they make the last payment on the stove. They keep a small savings account for emergencies that inevitably occur, so they never fall behind on the payments. By making only one credit purchase at a time, the Johnsons have a little extra money at the end of each month. They never have to cut down on needs in order to keep up their credit payments. Next month the Johnsons will have enough money saved to make a sizable down payment on a washing machine. This will save them a lot of interest. With a baby on the way, the Johnsons will make good use of the washing machine.

Adapted from *Consumer education for families with limited incomes*. (1971). Lubbock: Texas Tech University, Home Economics Instructional Materials Center.

SUPPLEMENT 21

Application for Credit

Full Name _____ Spouse's Name _____ Single _____

Age _____ No. of Dependents _____ Telephone _____ Social Security # _____

Home Address _____ City _____ State _____ Zip _____ Yrs. _____

Previous Address _____ City _____ State _____ Zip _____ Yrs. _____

Employed by _____ Address _____

Position _____ How Long? _____ Monthly Income _____

Former Employer _____ How Long? _____ Monthly Income _____

Spouse's Employer _____ Address _____

Position _____ How Long? _____ Monthly Income _____

Landlord or Mortgage Holder _____ Address _____

Monthly Rent or Mortgage Payment _____

Name of Nearest Relative _____ Address _____

Personal Reference _____ Address _____

Bank _____ Regular Checking _____ Special Checking _____

Savings _____ Loans _____

Make of Car _____ Year _____ Fully Paid _____ Balance Due _____

Making Payments to _____

Credit References

Type of Account _____ Status of Account _____

Name of Firm	Address	Charge/Budget	Open/Paid in Full
1.			
2.			
3.			
4.			

The above information is for the purpose of obtaining credit and is warranted to be true. I agree to pay all bills upon receipt of statement or as otherwise expressly agreed.

Date _____ Signature _____

Credit Limit _____ Approved by _____

Adapted from *Colorado core home economics curriculum guides: Life management* (p. LM-11-D-2). (1991). Fort Collins: Colorado State University and Colorado Community College & Occupational Education System.

SUPPLEMENT 22

Credit: Handle with Care

DIRECTIONS: After discussion of credit in class, answer the following questions. Be prepared to discuss your answers.

1. Name some advantages and disadvantages of using credit.

Advantages	*Disadvantages*

2. Define "credit."

3. Define an "installment loan."

4. Define "interest rate."

5. What is a good rule of thumb to remember about using credit?

6. What are the three expenses you must deduct from your take-home income in determining how much money you have left over for "extra" purchases?

   a.

   b.

   c.

7. Name two easy ways for young people to establish credit.

8. Give two reasons why your application for credit might be turned down.

   a.

   b.

Source: *Colorado core home economics curriculum guides: Life management* (p. LM-11-D-1). (1991). Fort Collins: Colorado State University and Colorado Community College & Occupational Education System.

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WORLD-CLASS EDUCATION FOR THE 21ST CENTURY: THE CHALLENGE AND THE VISION

VISION STATEMENT

As we approach the 21st century, there is broad-based agreement that the education we provide for our children will determine America's future role in the community of nations, the character of our society, and the quality of our individual lives. Thus, education has become the most important responsibility of our nation and our state, with an imperative for bold new directions and renewed commitments.

To meet the global challenges this responsibility presents, the State of Illinois will provide the leadership necessary to guarantee access to a system of high-quality public education. This system will develop in all students the knowledge, understanding, skills and attitudes that will enable all residents to lead productive and fulfilling lives in a complex and changing society. All students will be provided appropriate and adequate opportunities to learn to:

- communicate with words, numbers, visual images, symbols and sounds;
- think analytically and creatively, and be able to solve problems to meet personal, social and academic needs;
- develop physical and emotional well-being;
- contribute as citizens in local, state, national and global communities;
- work independently and cooperatively in groups;
- understand and appreciate the diversity of our world and the interdependence of its peoples;
- contribute to the economic well-being of society; and
- continue to learn throughout their lives.

MISSION STATEMENT

The State Board of Education believes that the current educational system is not meeting the needs of the people of Illinois. Substantial change is needed to fulfill this responsibility. The State Board of Education will provide the leadership necessary to begin this process of change by committing to the following goals.

ILLINOIS GOALS

1. Each Illinois public school student will exhibit mastery of the learner outcomes defined in the State Goals for Learning, demonstrate the ability to solve problems and perform tasks requiring higher-order thinking skills, and be prepared to succeed in our diverse society and the global work force.

2. All people of Illinois will be literate, lifelong learners who are knowledgeable about the rights and responsibilities of citizenship and able to contribute to the social and economic well-being of our diverse, global society.

3. All Illinois public school students will be served by an education delivery system which focuses on student outcomes; promotes maximum flexibility for shared decision making at the local level; and has an accountability process which includes rewards, interventions and assistance for schools.

4. All Illinois public school students will have access to schools and classrooms with highly qualified and effective professionals who ensure that students achieve high levels of learning.

5. All Illinois public school students will attend schools which effectively use technology as a resource to support student learning and improve operational efficiency.

6. All Illinois public school students will attend schools which actively develop the support, involvement and commitment of their community by the establishment of partnerships and/or linkages to ensure the success of all students.

7. Every Illinois public school student will attend a school that is supported by an adequate, equitable, stable and predictable system of finance.

8. Each child in Illinois will receive the support services necessary to enter the public school system ready to learn and progress successfully through school. The public school system will serve as a leader in collaborative efforts among private and public agencies so that comprehensive and coordinated health, human and social services reach children and their families.

Developed by citizens of Illinois through a process supported by the Governor, the Illinois State Board of Education and the Illinois Business Roundtable. Adopted as a centerpiece for school improvement efforts.

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